

# [General Plans]

## [GSA asks lease-purchase financing setup]

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About 63 federal building projects worth close to \$1 billion, but which have never left the drawing boards, could get a quick go-ahead if the General Services Administration (GSA) wins congressional authority for entering into lease-purchase contract agreements with private developers to build the projects.

At the same time, GSA is seeking authority to begin charging rent or use fees to federal agencies occupying GSA buildings to fuel a revolving fund to pay off leases and build facilities needed in the future.

Both proposals are contained in Senate (S. 2479, 1736) and House (H.R. 10488, 10617, 10674) bills that were the subject of hearings in the past two weeks before the House and Senate public works subcommittees on public buildings. Rep. Kenneth Gray (D-Ill.) and Sen Mike Gravel (D-Alaska), subcommittee chairmen, have both expressed support for the general plan.

Spending for the \$735-million backlog of buildings, all of which have received preliminary congressional ap-

proval but never funds for actual construction, would not represent a direct lump-sum outlay by the government. Instead, rent paid to private developers would apply toward the purchase of the buildings. When the lease-purchase agreements expire in 10 to 30 years, ownership would go to the government. In most cases, developers would use sites and blueprints already owned by the government. Individual projects range in size from \$268,000 to \$52 million and would be located in 37 states (see table below).

**Three-year authority.** GSA is asking that the emergency authority to use lease-purchase agreements run for three years following enactment. This, would provide enough time to clear up the backlog, says GSA administrator Robert Kunzig. The rent-purchase money would not be needed until the buildings are completed in about two to three years, by which time rent money would be pouring into the revolving fund in amounts enough to cover lease payments. Kunzig says that if congressional action comes quickly, he expects

that contracts for most of the jobs could be signed by next June.

While bi-partisan backing for the measure is evident, with Democrats viewing it as sort of a mini-accelerated public works bill that could give private construction a shot in the arm, some congressmen are wary of its cost. They contend that the ultimate cost of the buildings would go up dramatically because the government would be absorbing through its rent payments a developer's capital borrowing costs, profits and even local taxes.

Kunzig admits that the long-term costs of the buildings would roughly double under purchase contracts, but argues that the plan takes into account inflationary factors, national spending priorities and the urgent need for facilities.

"Each passing day erodes the value of \$13.6 million in sited costs and \$12.4 million in design," he says.

**The building fund.** The proposal to charge government agency occupants of GSA buildings rent for a revolving building fund is geared to circumventing a lengthy appropriation process for federal buildings, which accounts, in part, for the backlog.

Kunzig testified that the agency is often forced to approach Congress seven different times before gaining final approval for a single project. Consequently, he added, such delays increase federal building time to seven years for a job that private builders could finish in two or three.

If the revolving fund proposal is approved, federal agencies will have to budget space costs just as they now budget for salaries, supplies and other operating cost items. The rent charged the agencies, GSA says, would be roughly equivalent to what a commercial lessor would charge (about \$4.20 per sq ft, under average prevailing rates) although this would vary with the location and space quality.

These payments would be placed into the fund for use in designing and building new structures. Congress would still have to approve prospectuses for new buildings and authorize and approve expenditures. But once the project receives this approval, GSA would no longer have to return to Congress for separate authority for each construction. "With one-shot funding," says Kunzig, "we could do our job faster and more economically."

### GSA projects on the back burner

Location	Office Bldg.	Court House	Postal Fac.	Location	Office Bldg.	Court House	Postal Fac.
Tucson, Ariz.	✓			Manchester, N.H.	✓		✓
Batesville, Ala.	✓	✓	✓	Las Cruces, N.M.	✓	✓	
Los Angeles, Calif.			✓	Albany, N.Y.	✓		
San Diego, Calif.	✓	✓	✓	Auburn, N.Y.	✓	✓	✓
Santa Ana, Calif.	✓			Hempstead, N.Y.	✓		
Santa Rosa, Calif.	✓			New York, N.Y.	✓	✓	
Van Nuys, Calif.	✓			Syracuse, N.Y.	✓	✓	
New Haven, Conn.	✓		✓	Winston-Salem, N.C.	✓	✓	
Dover, Del.	✓			Akron, Ohio	✓	✓	
Orlando, Fla.	✓	✓		Dayton, Ohio	✓	✓	
Athens, Ga.	✓		✓	Eugene, Ore.	✓	✓	
Atlanta, Ga.	✓	✓		Portland, Ore.	✓		
Griffin, Ga.	✓		✓	Williamsport, Pa.	✓	✓	✓
Rome, Ga.		✓	✓	San Juan, P.R.	✓	✓	
Waycross, Ga.	✓	✓	✓	Woonsocket, R.I.	✓		✓
Honolulu, Haw.	✓	✓		Florence, S.C.	✓	✓	✓
Moscow, Idaho		✓	✓	Aberdeen, S.D.	✓		✓
Sandpoint, Idaho	✓			Huron, S.D.	✓		
Chicago, Ill. (a)	✓			Rapid City, S.D.	✓	✓	
Mt. Vernon, Ill.	✓			Nashville, Tenn.	✓	✓	
Indianapolis, Ind.	✓			Denton, Tex.	✓		✓
Iowa City, Iowa	✓		✓	Ft. Worth, Tex.	✓		✓
New Orleans, La.	✓	✓		Houston, Tex. (b)	✓		
Waterville, Ma.	✓		✓	Pearsall, Tex.	✓		✓
Baltimore, Md.	✓	✓		San Angelo, Tex.	✓	✓	✓
Fitchburg, Mass.	✓		✓	Essex Junction, Vt.	✓		✓
New Bedford, Mass.	✓		✓	Charlotte Amalie, V.I.	✓	✓	✓
Ann Arbor, Mich.	✓			Roanoke, Va.	✓		
Detroit, Mich.	✓			Wenatchee, Wash.	✓		✓
Saginaw, Mich.	✓			Madison, Wis.	✓		
Hattiesburg, Miss.	✓			La Crosse, Wis.	✓		
Lincoln, Neb.	✓	✓	✓				

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(a) records center (b) motor vehicle facility